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The Connecticut Association of Not-for-profit Providers For the Aging

Testimony to the Select Committee on Aging Presented by Mag Morelli, President

March 9, 2010

In Support of

**SB 233, An Act Concerning the Discharge of Patients for Nonpayment of
Applied Income**

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HB 5277, An Act Concerning Funding for Adult Day Care Centers

Good morning Senator Prague, Representative Serra, and members of the Committee. My name is Mag Morelli and I am the president of the Connecticut Association of Not-for-profit Providers for the Aging (CANPFA), an organization of non-profit providers of aging services representing the full continuum of long term care. On behalf of CANPFA I would like to present testimony on two bills that are before you today.

SB 233, An Act Concerning the Discharge of Patients for Nonpayment of Applied Income

CANPFA supports this proposal which is seeking to help nursing homes that are unable to collect applied income payments from their Medicaid eligible residents.

Applied income is the amount of a Medicaid eligible nursing home resident's monthly personal income that is required to be paid to the nursing home on a monthly basis. The Department of Social Services determines the applied income amount at the time they grant Medicaid eligibility and does so in accordance with state and federal regulations. For instance, a portion of the resident's monthly social security income is usually considered to be applied income. The calculated amount of the applied income is then deducted from the nursing home's monthly state Medicaid payment for that resident because it is assumed that the nursing home will be receiving that applied income payment directly from the resident.

Unfortunately, it is becoming more and more difficult for nursing homes to collect the monthly applied income portion of their payment from residents and their families. When this happens, it causes great financial strain on the nursing home. In addition, the responsibility and cost of collecting the applied income falls directly on the nursing home. This includes the cost of seeking a legal remedy

when the resident or family refuses to pay. That is why Senate Bill 233 is so important. This bill attempts to provide the nursing home with an additional tool to help bring residents and their families into compliance with the law.

The Committee members are well aware that nursing homes are facing financial stress as their Medicaid rates of reimbursement have fallen well below the cost of providing care. The additional cost incurred due to unpaid applied income adds to this financial stress and that is why we respectfully ask the Committee to pass Senate Bill 233 and provide nursing homes with another option to help obtain mandated applied income payments.

HB 5277, An Act Concerning Funding for Adult Day Care Centers

Most of the people CANPFA members serve are in their 70s, 80s and older. They have served their communities well over the years, and they choose to remain in their own homes. They know that the key to their independence is the availability of home and community-based services and adult day centers are a wonderful and cost effective community based option for these older adults.

At an adult day center older adults can receive the daily social interaction and medical care they need in a supervised and structured environment – and still remain living in their own homes. Participation in an adult day center program can help families to delay and often avoid nursing home placement, making it an extremely cost effective option within the Connecticut Home Care Program. Right now the adult day centers are losing on average \$17.78 a day when they care for a Home Care client and it is very difficult for these centers to make up this loss. It therefore makes sense to provide a rate increase to the adult day centers in an effort keep them a viable option in the Connecticut Home Care Program.

While not addressed in this bill, we would also like to voice our concern with the Governor's proposed cuts to the Home Care Program services because these cuts would have a devastating effect on adult day centers. The Governor's proposal would hurt *all* community based providers, but it would particularly hurt the adult day centers because her proposal would both rescind their recently enacted increase and cut the remaining rate an additional 5%. Many adult day centers would be forced to close at this rate and many of their elderly clients would not be able to find alternative care in the community. **To prevent our elderly residents from receiving cost effective services in the community is extremely short sighted and we encourage the Committee members not to support these proposed cuts.**

Thank you for your consideration of this testimony. I would be happy to answer any questions.

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